RISK MANAGEMENT POLICY

MONOLITHISCH INDIA LIMITED

Effective Date: 19.06.2025

Approved by the Board of Directors on:19.06.2025

1. PREAMBLE:

Monolithisch India Limited ("Company") recognises that risk is an inherent part of its business and operations. The Company is engaged in the manufacturing and supply of specialised ramming mass used as a heat insulation/lining material and as a refractory consumable for induction furnaces installed in iron, steel and foundry plants.

The Company operates in an industry which is influenced by steel industry demand, availability and cost of raw materials, energy costs, manufacturing and operational efficiency, customer requirements, competition, environmental requirements and changes in applicable laws and regulations.

The Company has adopted this Risk Management Policy ("Policy") to establish a structured framework for identification, assessment, prioritisation, mitigation, monitoring and reporting of risks which may affect the Company's business, operations, financial performance, reputation or achievement of its strategic objectives.

The Company believes that effective risk management is an integral part of good corporate governance and sustainable business growth. The Policy is intended to enable the Company to identify risks proactively, implement appropriate mitigation measures and ensure that material risks are brought to the attention of the appropriate level of management and the Board of Directors.

2. OBJECTIVES:

The objectives of this Policy are:

a. To establish a structured framework for identification, assessment, prioritisation and management of risks;

b. To identify risks which may adversely affect the Company's business operations, financial position, profitability, reputation or strategic objectives;

c. To establish appropriate risk mitigation and control mechanisms;

d. To integrate risk management with the Company's strategic planning, business decisions and operational processes;

e. To ensure that material risks are appropriately communicated to senior management and the Board;

f. To safeguard the Company's assets, resources and stakeholder interests;

g. To enhance the Company's ability to respond effectively to unforeseen events and emerging risks;

h. To promote a culture of risk awareness and accountability throughout the organisation; and

i. To ensure compliance with applicable statutory and regulatory requirements.

3. SCOPE:

This Policy shall apply to all business activities and functions of Monolithisch India Limited, including its registered office, corporate office, manufacturing facilities, warehouses, procurement operations, marketing and sales functions, finance, human resources, information technology and other support functions.

The Policy shall also extend to all employees, officers and members of senior management who are responsible for managing risks within their respective functional areas.

Where applicable, the principles contained in this Policy may also be adopted by the Company's subsidiaries or joint ventures, subject to the applicable legal and regulatory requirements governing such entities.

Risk management shall form an integral part of all strategic decisions, operational activities and major business initiatives undertaken by the Company.

4. REGULATORY FRAMEWORK:

This Policy has been formulated having regard to the provisions of the Companies Act, 2013, including the requirements relating to the responsibility of the Board of Directors for developing and implementing a sound framework for identifying and managing business risks. The Policy also considers the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, together with other applicable statutory and regulatory requirements.

Monolithisch India Limited is listed on the NSE SME Platform. Accordingly, the provisions relating to the constitution of a Risk Management Committee under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are presently not applicable to the Company. Nevertheless, the Board of Directors has voluntarily adopted this Policy as a matter of good corporate governance and prudent business practice to ensure a systematic approach towards managing risks associated with the Company's operations.

This Policy shall be read in conjunction with the Company's other governance policies, internal control procedures and applicable statutory requirements. In the event of any inconsistency between this Policy and any applicable law or regulatory requirement, the provisions of such law or regulation shall prevail.

5. DEFINITIONS:

For the purpose of this Policy, unless the context otherwise requires:

"Board" means the Board of Directors of Monolithisch India Limited.

"Company" means Monolithisch India Limited.

"Risk" means any internal or external event, circumstance or uncertainty that may have an adverse effect on the Company's ability to achieve its strategic, operational, financial, regulatory or reputational objectives.

"Risk Management" means the systematic process of identifying, assessing, evaluating, mitigating, monitoring and reporting risks with the objective of minimising potential adverse impacts and enhancing opportunities for sustainable business growth.

"Management" shall include the Managing Director, Key Managerial Personnel, senior executives and functional heads responsible for implementing this Policy.

Words and expressions used but not defined in this Policy shall have the meanings assigned to them under the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or any other applicable law.

6. RISK MANAGEMENT PHILOSOPHY:

The Company believes that effective risk management is an essential element of sound corporate governance and sustainable business performance. While risks are an inherent part of business operations, they can be effectively managed through a structured and proactive approach that facilitates informed decision-making and strengthens organisational resilience.

The Company is committed to embedding risk management into its strategic planning and operational processes so that risks are identified, evaluated and addressed in a timely manner. The objective is not to eliminate risk entirely, but to ensure that risks are understood, accepted where appropriate, mitigated through suitable controls and continuously monitored.

The Company recognises that effective risk management requires the active participation of the Board of Directors, senior management and employees at all levels. Every function within the organisation is expected to identify potential risks within its area of responsibility and contribute towards the implementation of appropriate mitigation measures.

The Company shall endeavour to maintain a balanced approach between risk and opportunity by encouraging innovation and business growth while ensuring that appropriate safeguards are in place to protect its assets, reputation, financial stability and stakeholder interests.

7. RISK GOVERNANCE STRUCTURE:

The Board of Directors shall have the overall responsibility for establishing and overseeing the Company's risk management framework. The Board shall periodically review the Company's risk profile, evaluate the adequacy of mitigation measures and ensure that appropriate systems are in place to identify and manage significant business risks.

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As the provisions relating to the constitution of a Risk Management Committee under Regulation 21 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 are presently not applicable to the Company, the Board shall directly oversee the implementation and effectiveness of this Policy.

The Managing Director, Key Managerial Personnel and Senior Management shall be responsible for implementing the risk management framework approved by the Board. They shall ensure that appropriate internal controls, monitoring mechanisms and reporting systems are established and maintained across all functional areas of the Company.

Department Heads shall identify, evaluate and monitor risks relating to their respective functions and ensure that appropriate mitigation measures are implemented. They shall promptly report any significant or emerging risks that may materially affect the Company's operations or financial performance.

Every employee of the Company is expected to remain vigilant towards potential risks within his or her area of responsibility and report any material concerns through the appropriate reporting channels. Risk management shall therefore be regarded as a collective responsibility embedded within the Company's culture and day-to-day business operations.

8. RISK MANAGEMENT PROCESS:

The Company shall adopt a structured and continuous process for managing risks in order to support informed decision-making and protect stakeholder interests. The risk management process shall comprise identification of risks, assessment of their likelihood and potential impact, implementation of suitable mitigation measures, continuous monitoring and periodic review by the management and the Board.

Risk identification shall be undertaken on an ongoing basis by all functional departments through regular business reviews, operational assessments, market intelligence, internal audits, statutory compliance reviews and interactions with customers, suppliers and other stakeholders. The objective shall be to identify both internal and external factors that may influence the Company's ability to achieve its business objectives.

Once identified, risks shall be evaluated considering the probability of occurrence and the potential financial, operational, legal or reputational impact on the Company. The evaluation process shall enable the Company to prioritise risks requiring immediate management attention while ensuring that routine operational risks continue to be monitored effectively.

Appropriate mitigation strategies shall thereafter be developed and implemented by the concerned functional departments. Such strategies may include strengthening internal controls, improving operational processes, diversification of suppliers or customers, implementation of technology solutions, insurance coverage, employee training and continuous monitoring of key risk indicators.

The effectiveness of mitigation measures shall be periodically reviewed by the management. Significant risks, emerging threats and material developments shall be placed before the Board of Directors for review at appropriate intervals.

Risk management shall be regarded as a dynamic process and shall evolve continuously in response to changes in the Company's business environment, industry developments, regulatory requirements and strategic objectives.

9. RISK IDENTIFICATION AND ASSESSMENT:

The Company recognises that risks may arise from both internal and external sources and may affect various aspects of its business including manufacturing operations, financial performance, regulatory compliance, market competitiveness, human resources, technology and reputation.

The Company shall endeavour to identify potential risks through periodic assessments conducted by the management, internal audit observations, customer feedback, operational reviews, regulatory developments, industry trends and interactions with key stakeholders. Particular emphasis shall be placed on identifying risks associated with expansion initiatives, technological developments, changes in customer preferences and evolving regulatory requirements.

Each identified risk shall be evaluated on the basis of its probability of occurrence and its potential impact on the Company's operations, profitability, reputation and strategic objectives. Depending upon the outcome of such assessment, risks may be prioritised for mitigation and continuous monitoring.

The Company shall periodically review its risk profile to ensure that new and emerging risks are identified at an early stage and that existing mitigation measures continue to remain effective.

10. RISK CATEGORIES:

10.1 Strategic Risk

The Company operates in a competitive business environment characterised by changing customer requirements, technological advancements, evolving regulatory frameworks and fluctuations in economic conditions. Strategic risks may arise from changes in market dynamics, emergence of substitute products, increased competition, delays in implementation of expansion plans, changes in government policies or failure to respond effectively to industry developments.

The Company's long-term growth depends upon its ability to anticipate changes in the marketplace, strengthen customer relationships, expand its manufacturing capabilities and diversify its product portfolio. Failure to adapt to changing business conditions may adversely affect the Company's market position and financial performance.

To address these risks, the Company shall periodically review its business strategy, monitor industry developments, evaluate emerging business opportunities and maintain close engagement with customers and other stakeholders. Strategic decisions relating to expansion, capacity enhancement, product development and capital investment shall be subject to appropriate evaluation by the management and the Board.

10.2 Raw Material Procurement Risk

The Company's manufacturing operations depend upon the timely availability of quality raw materials, including quartz and other refractory minerals used in the production of ramming mass and allied products. Any disruption in the procurement of such raw materials due to mining restrictions, transportation challenges, regulatory changes, supply shortages, adverse climatic conditions or price volatility may adversely affect production schedules, product quality and profitability.

The Company recognises that maintaining a reliable supply chain is critical to ensuring uninterrupted manufacturing operations. Accordingly, it shall endeavour to establish long-term relationships with reliable suppliers, periodically evaluate supplier performance, diversify procurement sources wherever commercially feasible and maintain appropriate inventory levels based on production requirements.

The Company shall also continuously monitor market conditions, commodity price movements and regulatory developments affecting mineral availability so that appropriate procurement strategies may be implemented in a timely manner.

10.3 Manufacturing and Operational Risk

As a manufacturer of ramming mass and refractory products, the Company is exposed to operational risks arising from process interruptions, equipment failures, power supply disruptions, labour shortages, quality deviations, production inefficiencies and unforeseen events affecting manufacturing facilities.

Efficient manufacturing operations are essential for ensuring product consistency, timely delivery and customer satisfaction. Any significant interruption in production may adversely impact the Company's operational performance, financial results and reputation in the market.

The Company shall therefore maintain appropriate manufacturing controls through standard operating procedures, preventive maintenance programmes, periodic inspection of production equipment, quality assurance systems and continuous employee training. Production planning shall be regularly reviewed to optimise capacity utilisation while ensuring compliance with established quality standards.

Management shall also encourage continuous process improvements and adoption of appropriate technologies to enhance operational efficiency and minimise manufacturing-related risks.

10.4 Steel Industry and Market Risk

The Company's products are primarily supplied to customers engaged in the iron and steel industry. Consequently, the demand for ramming mass and other refractory products is closely linked to the production levels, capacity utilisation and capital expenditure plans of steel manufacturers.

Economic slowdowns, reduced infrastructure spending, fluctuations in steel demand, import competition, changes in government policies or global economic uncertainties may adversely affect the performance of the steel industry, thereby impacting demand for the Company's products.

In order to mitigate such risks, the Company shall endeavour to diversify its customer base across different geographical regions and industry segments, strengthen long-term customer relationships, continuously improve product quality and explore opportunities for expansion into new markets and product categories. The management shall regularly monitor developments in the steel industry and evaluate their potential impact on the Company's business strategy and future growth plans.

10.5 Mining and Mineral Sourcing Risk

The Company's manufacturing process is dependent upon the continuous availability of quality minerals and other raw materials used in the manufacture of ramming mass and allied refractory products. The availability of such minerals may be influenced by mining regulations, renewal of mining leases, environmental clearances, transportation constraints, changes in government policies, natural calamities and fluctuations in market demand.

Any disruption in the supply of minerals or significant increase in procurement costs may adversely affect production schedules, operating margins and the Company's ability to meet customer commitments.

The Company endeavours to mitigate these risks by maintaining relationships with reliable suppliers, diversifying procurement sources wherever commercially feasible, continuously monitoring developments in the mining sector and maintaining adequate inventory levels based on production requirements. Management shall also periodically review supplier performance, procurement risks and market conditions to ensure continuity of operations.

10.6 Plant and Machinery Risk

The manufacturing operations of the Company are dependent upon the efficient functioning of its production facilities, processing equipment and supporting infrastructure. Unexpected breakdown of critical machinery, electrical failures, inadequate maintenance, utility interruptions or other operational disruptions may result in production losses, increased operating costs and delays in customer deliveries.

The Company recognises the importance of maintaining high operational reliability across its manufacturing facilities. Accordingly, preventive maintenance programmes shall be implemented for all critical equipment, and periodic inspections shall be undertaken to assess the operational condition of plant and machinery. Appropriate maintenance schedules, calibration procedures and replacement plans shall be established to minimise unplanned downtime and improve operational efficiency.

The Company shall also endeavour to maintain adequate inventory of essential spare parts and consumables for critical equipment to facilitate timely repairs whenever required.

10.7 Product Quality Risk

The Company's reputation and long-term customer relationships depend upon its ability to consistently manufacture products conforming to established quality standards and customer specifications. Variations in raw material quality, manufacturing processes, equipment performance or human error may result in product quality deviations that could adversely impact customer satisfaction and business reputation.

Recognising the critical importance of product quality, the Company shall maintain appropriate quality assurance systems throughout the procurement, manufacturing and dispatch processes. Periodic testing of raw materials, in-process inspections, finished product testing and continuous monitoring of manufacturing parameters shall be undertaken to ensure product consistency.

The Company shall also encourage continuous improvement in manufacturing processes through employee training, process standardisation and adoption of appropriate quality management practices. Customer feedback shall be periodically reviewed to identify opportunities for enhancing product quality and operational performance.

10.8 Expansion Project Risk

The Company may undertake expansion of its manufacturing capacity, establishment of new production facilities, installation of additional machinery or implementation of other capital expenditure projects in order to support its long-term growth strategy. Such projects may involve risks relating to project execution, cost escalation, delay in statutory approvals, contractor performance, supply chain disruptions, financing constraints and unforeseen construction challenges.

The Company acknowledges that timely completion of expansion projects is essential for achieving planned operational efficiencies and business growth. Accordingly, all major capital expenditure projects, including expansion of manufacturing facilities such as the Company's **Purulia manufacturing unit**, shall be subject to periodic monitoring by the management.

Project implementation schedules, capital expenditure budgets and critical milestones shall be reviewed regularly to identify delays or cost overruns at an early stage. Appropriate corrective measures shall be initiated wherever necessary to ensure timely completion of projects and optimum utilisation of capital resources.

10.9 Financial, Liquidity and Credit Risk

The Company is exposed to various financial risks arising from fluctuations in working capital requirements, liquidity management, customer credit exposure, interest rates, inflationary pressures and overall economic conditions. Inadequate liquidity or ineffective financial planning may adversely affect the Company's operational flexibility and growth initiatives.

The Company shall maintain prudent financial management practices through periodic budgeting, cash flow forecasting and continuous monitoring of working capital requirements. Appropriate internal financial controls shall be established to ensure efficient utilisation of financial resources and timely identification of potential liquidity constraints.

Customer credit exposures shall be monitored through appropriate credit evaluation procedures and periodic review of outstanding receivables. Management shall endeavour to maintain a balanced capital structure while ensuring adequate financial resources are available to support operational requirements and future expansion plans.

10.10 Information Technology and Cyber Security Risk

Information technology plays an increasingly important role in supporting the Company's business operations, financial reporting, communication systems and data management processes. Cyber threats, malware attacks, phishing incidents, ransomware, unauthorised access, system failures or loss of critical business data may disrupt operations and adversely affect the Company's reputation and financial performance.

The Company shall endeavour to establish appropriate information security measures for safeguarding its information assets and technology infrastructure. Access to critical systems shall be restricted through suitable authentication mechanisms and user access controls. Periodic backup of business data shall be maintained to facilitate recovery in the event of system failures or cyber incidents.

Management shall also promote employee awareness regarding cyber security practices and periodically review the adequacy of information security controls in light of emerging technological risks and evolving cyber threats.

10.11 Regulatory and Environmental Compliance Risk

The Company operates within a comprehensive legal and regulatory framework governing corporate affairs, manufacturing operations, taxation, labour welfare, environmental protection and securities market compliance. Failure to comply with applicable statutory requirements may expose the Company to financial penalties, legal proceedings, operational disruptions and reputational damage.

The Company shall endeavour to maintain an effective compliance management framework covering the provisions of the Companies Act, 2013, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, applicable Stock Exchange requirements, taxation laws, labour laws, the Factories Act, environmental regulations and other statutory requirements applicable to its business operations.

Considering the nature of its manufacturing activities, the Company shall also ensure compliance with applicable environmental laws, including obtaining and renewing statutory approvals, consents and licences from the concerned regulatory authorities wherever required. Periodic compliance reviews, internal audits and monitoring mechanisms shall be undertaken to identify and address regulatory risks in a timely manner.

10.12 Human Resource Risk

The Company's employees constitute one of its most valuable assets, and the achievement of its business objectives is dependent upon the availability of a competent, motivated and skilled workforce. The Company recognises that risks relating to employee attrition, shortage of skilled manpower, industrial relations, succession planning and changing workforce expectations may impact operational efficiency and long-term business continuity.

The Company shall endeavour to create a positive work environment through fair employment practices, continuous learning and development, performance management systems and employee engagement initiatives. Appropriate succession planning shall be undertaken for key positions to ensure continuity of

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leadership and business operations. Management shall also periodically assess manpower requirements and implement suitable recruitment and retention strategies aligned with the Company's business objectives.

10.13 Health and Safety Risk

The Company is committed to providing a safe and healthy workplace for all employees, contractors and visitors. Considering the nature of its manufacturing operations, occupational health and safety remain an integral part of the Company's operational philosophy.

Potential risks may arise from the operation of heavy machinery, handling of raw materials, movement of vehicles, electrical systems, fire hazards and other manufacturing activities. Such incidents may adversely affect employees, business continuity and the Company's reputation.

The Company shall implement appropriate safety policies, standard operating procedures and emergency response mechanisms to minimise workplace hazards. Employees shall be provided with necessary personal protective equipment and periodic safety training to promote safe working practices. Regular inspection of manufacturing facilities, fire protection systems and emergency preparedness measures shall be undertaken to ensure compliance with applicable statutory requirements and continuous improvement in workplace safety.

10.14 Reputation Risk

The reputation of the Company is fundamental to maintaining the confidence of its customers, suppliers, investors, lenders, regulators and other stakeholders. Any adverse publicity arising from product quality issues, regulatory non-compliance, unethical business practices, customer dissatisfaction or operational disruptions may have a material impact on the Company's business prospects and market standing.

The Company shall endeavour to conduct its business with integrity, transparency and accountability while maintaining high standards of corporate governance and ethical conduct. Customer grievances shall be addressed in a timely manner and appropriate communication mechanisms shall be maintained with all stakeholders. Management shall monitor significant events that may impact the Company's reputation and take appropriate corrective measures wherever necessary.

11. INTERNAL CONTROL FRAMEWORK:

The Company acknowledges that an effective system of internal controls is essential for the successful implementation of its risk management framework. Accordingly, appropriate internal control systems shall be established to ensure the orderly and efficient conduct of business operations, safeguarding of assets, reliability of financial reporting and compliance with applicable laws and regulations.

The Company shall maintain adequate policies and procedures governing financial transactions, operational activities, procurement processes, inventory management and statutory compliance. Delegation of authority shall be clearly defined to ensure accountability and appropriate approval mechanisms for business decisions.

The effectiveness of internal controls shall be periodically evaluated through internal audits, statutory audits and management reviews. Observations arising from such reviews shall be appropriately addressed through corrective actions and continuous process improvements.

12. RISK MONITORING AND REPORTING:

Risk management shall be regarded as a continuous process requiring periodic monitoring and review. Management shall regularly evaluate the effectiveness of the Company's risk mitigation measures and identify emerging risks arising from changes in business operations, regulatory developments, market conditions or technological advancements.

Department Heads shall promptly report any material risks or significant changes in existing risk exposures to the Managing Director or other designated senior management personnel. Significant risks having the potential to materially impact the Company's operations, financial performance or reputation shall be placed before the Board of Directors for consideration and appropriate guidance.

The Board shall periodically review the Company's overall risk profile and evaluate whether the existing risk management framework continues to remain adequate and effective in light of the Company's evolving business environment.

13. BUSINESS CONTINUITY PLANNING:

The Company recognises the importance of maintaining business continuity in the event of unforeseen circumstances that may disrupt normal operations. Such events may include natural disasters, fire, power failures, equipment breakdowns, cyber incidents, industrial disturbances, pandemics or significant disruptions in the supply chain.

The Company shall endeavour to establish appropriate contingency measures to minimise operational interruptions and facilitate timely recovery of critical business functions. Business continuity planning shall include identification of critical business processes, protection of information assets, backup of essential business data, emergency response procedures and coordination among functional departments.

Management shall periodically review the adequacy of business continuity arrangements and update such measures in response to changes in operational requirements and emerging business risks.

14. REVIEW AND AMENDMENT:

This Policy shall be reviewed periodically to ensure that it remains consistent with the Company's business objectives, operational requirements and applicable legal and regulatory framework.

The Board of Directors may amend, modify or replace any provision of this Policy whenever considered necessary or whenever required pursuant to amendments in applicable laws, regulations or business practices. Any such amendments shall become effective from the date approved by the Board unless otherwise specified.

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15. DISCLOSURE:

This Policy shall be made available in accordance with the applicable provisions of the Companies Act, 2013, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable laws, as may be required from time to time.

For and on behalf of the Board of Directors

MONOLITHISCH INDIA LIMITED

Sd/-

Prabhat Tekriwal
Chairman, Whole-Time Director & CFO
DIN: 00884751

Sd/-

Harsh Tekriwal
Managing Director
DIN: 07147021

Date: 19.06.2025
Place: Ranchi